Normally, I implore my colleagues to vote a certain way, but today I urge the American people to call, write, and e-mail and tell your U.S. senator and congressman to vote ''no'' on this rancid meat and demand alternatives be considered.

Let's demand the road to freedom.

□ 1630

TAX CUTS ARE NOT THE ANSWER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. If the Republicans hadn't run the economy into a ditch and if they had a credible alternative, maybe we'd listen to them.

Tax cuts, tax cuts, tax cuts—tell me about a tax cut that ever built a public school. Tell me about a tax cut that ever educated a child at a public school. Tell me about a tax cut that built a bridge. We've got tax cuts to nowhere. They just want to carry on about bridges to nowhere.

We've got 160,000 bridges in this country on the national highway system that are falling down. They're functionally obsolete or they are structurally deficient. A tax cut will not fix a single one of them. I guess maybe after they give the rich people all their money back, we can take up a collection for public schools, a collection to educate our kids. Maybe they'll be generous. Maybe they will even build us some bridges. I don't think so.

The Republicans don't have a credible alternative. Unfortunately, this bill also has too much tax cuts in it because of Republican insistence, particularly from the Senate side. We have lost so many jobs and potential jobs in this bill because of tax cuts.

Now, let's look at infrastructure spending. In this bill, $29 billion to modernize roads and bridges, rebuild roads and bridges. That creates 835,000 jobs. $18 billion for clean water environmental restoration projects, 375,000 jobs. That's $47 billion—that's 6 percent of the bill, nowhere near enough—is going to create 1.2 million jobs. That means 35 percent of the jobs in this bill come out of 6 percent of the bill, and none of them come out of the tax cuts they're talking about on that side of the aisle.

Infrastructure spending was cut to make room for tax cuts. Mass transit was cut to make room for tax cuts. Two of the largest transit districts in Oregon, they're suffering the same thing as transit districts across the country. They have too many passengers so they're going to have to cut service. Americans are turning to transit to avoid high gas prices. They're turning to transit as an effective alternative and a good way to get to work, and the service is going to go away. There's no transit district in the world, not a one, that makes money, but the Republicans say, oh, we can't afford to support those transit districts; let's give the money back to people. Well, what are they going to do? How are they going to get to work? There's a lot of people who don't have an alternative.

And then the making work paid tax cut, which is in this bill, is down to eight bucks a week per person. Now, I can just see, you know, someone of the generation that gets that $8, there's a lot of people in my district could use eight bucks a week, they sure could, but they don't think it's going to put America back to work. They don't think it's going to turn this economy around. They don't think that's going to give us a better future. It can help them with some essentials. It can help their kids with some essentials, but they would rather see the money invested to put other people to work in good jobs and rebuild this country and give us a better future. Eight bucks a week.

I can just see, you know, 20 years from today when our kids and grandkids are still paying for the money we borrowed to give some people $8 a week back will say, Grandpa, what did you spend that eight bucks a week on because I'm paying taxes to pay that money back. Grandpa probably won't remember where the eight bucks a week went.

The education cuts, to make room for tax cuts, which can mean some of the school districts in my State have to chop 20 days off the year, 20 days. Now, tax cuts aren't going to help those kids get their education. They're not going to keep those schools open.

School construction, remodernization, out. Had to make room for tax cuts. Now, why are we making all this room for tax cuts when none of the Republicans are supporting the bill? Because there's three Republicans in the Senate who are writing this policy. They're more powerful than the President of the United States and the Congress combined apparently because the Senate is so dysfunctional, and they're writing the bill and they want the tax cuts. They're delivering tax cuts for these guys, and they're sticking it to the American people in terms of a meaningful jobs creation stimulus package.

Veterans took a big cut. Everybody loves to come to the floor and wrap themselves in the flag and talk about how much they support our troops. You can measure it in this bill. Veterans and our servicemembers were cut in their housing and other services to make room for tax cuts.

Tax cuts are not the answer. I personally think we should start over, reject the tax cut mantle from that side of the aisle, and invest the money in rebuilding this country. If we're going to borrow the money, it should provide benefits for years to come, not a transient benefit and not a tax cut.

PAYING TRIBUTE TO NISWONGER CHILDREN'S HOSPITAL IN JOHNSON CITY, TENNESSEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. ROE) is recognized for 5 minutes.

Mr. ROE of Tennessee. Madam Speaker, I rise to pay tribute to Niswonger Children's Hospital in Johnson City, Tennessee. On March 2, 2009, the hospital will open its doors and the new home for the Children's Hospital, our region's first hospital for children. The Children's Hospital at Johnson City Medical Center has offered premier health services in approximately 20 pediatric subspecialties for the past 16 years.

Once open, Niswonger Children's Hospital will serve children from birth until 18 years of age in a four-State region, including parts of Tennessee, North Carolina, Virginia, and Kentucky. With the financial assistance of Scott and Nikki Niswonger and the people of our region, the hospital will be a place where children will feel comfortable coming to for their care.

Niswonger's patient-centered care philosophy will put families in control of their care, and I certainly commend them for their work

Madam Speaker, when I began my medical practice some 30-plus years ago in Johnson City, we used a closet and had a one-bed neonatal intensive care unit. Today, we have a state-of-the-art intensive care unit to care for children.

When I began practice, when I graduated from medical school, almost half of the children who were born at 7 months died. Today, they have the same life expectancy as a term birth, and from the bottom of my heart, I want to thank this family for what they have done to make the health care of our region better and our children's lives better.

DON'T USE FEDERAL FUNDS TO BUY UP AT-RISK LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Madam Speaker, today the White House apparently made an announcement that they're considering a proposal to head off potentially millions of more home foreclosures by using Federal funds to buy up at-risk loans and apparently refinance them. It's one of several proposals that the White House is looking at.

I would urge the new President of the United States not to allow the Federal Government to purchase toxic assets, and I'm placing in the RECORD an article from late last fall by William Isaac, the former head of the Federal Deposit Insurance Corporation during the 1980s, the early part of the eighties, late seventies, when over 3,000 banks in our country were resolved without going to the taxpayers to bail out the problem loans.

PRIMARY DEALER LIST—MEMORANDUM TO ALL PRIMARY DEALERS AND RECIPIENTS OF THE WEEKLY PRESS RELEASE ON DEALER POSITIONS AND TRANSACTIONS

The latest list reflects the following changes:

Effective February 11, 2009, Merrill Lynch Government Securities Inc. was deleted from the list of primary dealers as a result of the acquisition of Merrill Lynch & Co., Inc. by Bank of America Corporation.

List of the Primary Government Securities Dealers Reporting to the Government Securities Dealers Statistics Unit of the Federal Reserve Bank of New York:

BNP Paribas Securities Corp.
Banc of America Securities LLC
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets Inc.
Credit Suisse Securities (USA) LLC
Daiwa Securities America Inc.
Deutsche Bank Securities Inc.
Dresdner Kleinwort Securities LLC
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
HSBC Securities (USA) Inc.
J.P. Morgan Securities Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
UBS Securities LLC.

Note: This list has been compiled and made available for statistical purposes only and has no significance with respect to other relationships between dealers and the Federal Reserve Bank of New York. Qualification for the reporting list is based on the achievement and maintenance of the standards outlined in the Federal Reserve Bank of New York's memorandum of January 22, 1992.

Government Securities Dealers Statistics Unit Federal Reserve Bank of New York, February 11, 2009.

[From The Washington Post, Sept. 27, 2008]

A BETTER WAY TO AID BANKS

(By William M. Isaac)

Congressional leaders are badly divided on the Treasury plan to purchase $700 billion in troubled loans. Their angst is understandable: It is far from clear that the plan is necessary or will accomplish its objectives.

It's worth recalling that our country dealt with far more credit problems in the 1980s in a far harsher economic environment than it faces today. About 3,000 bank and thrift failures were handled without producing depositor panics and massive instability in the financial system.

The Federal Deposit Insurance Corp. has just handled Washington Mutual, now the largest bank failure in history, in an orderly manner, with no cost to the FDIC fund or taxpayers. This is proof that our time-tested system for resolving banking problems works.

One argument for the urgency of the Treasury proposal is that money market funds were under a great deal of pressure last week as investors lost confidence and began withdrawing their money. But putting the government's guarantee behind money market funds—as Treasury did last week—should have resolved this concern.

Another rationale for acting immediately on the bailout is that bank depositors are getting panicky—mostly in reaction to the July failure of *IndyMac*, in which uninsured depositors were exposed to loss.

Does this mean that we need to enact an emergency program to purchase $700 billion worth of real estate loans? If the problem is depositor confidence, perhaps we need to be clearer about the fact that the FDIC fund is backed by the full faith and credit of the government.

If stronger action is needed, the FDIC could announce that it will handle all bank failures, except those involving significant fraudulent activities, as assisted mergers that would protect all depositors and other general creditors. This is how the FDIC handled Washington Mutual. It would be easy to announce this as a temporary program if needed to calm depositors.

An additional benefit of this approach is that community banks would be put on a par with the largest banks, reassuring depositors who are unconvinced that the government will protect uninsured depositors in small banks.

I have doubts that the $700 billion bailout if enacted, would work. Would banks really be willing to part with the loans, and would the government be able to sell them in the marketplace on terms that the taxpayers would find acceptable?

To get banks to sell the loans, the government would need to buy them at a price greater than what the private sector would pay today. Many investors are open to purchasing the loans now, but the financial institutions and investors cannot agree on price. Thus private money is sitting on the sidelines until there is clear evidence that we are at the floor in real estate.

Having financial institutions sell the loans to the government at inflated prices so the government can turn around and sell the loans to well-heeled investors at lower prices strikes me as a very good deal for everyone but U.S. taxpayers. Surely we can do better.

One alternative is a "net worth certificate" program along the lines of what Congress enacted in the 1980s for the savings and loan industry. It was a big success and could work in the current climate. The FDIC resolved a $100 billion insolvency in the savings banks for a total cost of less than $2 billion.

The net worth certificate program was designed to shore up the capital of weak banks to give them more time to resolve their problems. The program involved no subsidy and no cash outlay.

The FDIC purchased net worth certificates (subordinated debentures, a commonly used form of capital in banks) in troubled banks that the agency determined could be viable if they were given more time. Banks entering the program had to agree to strict supervision from the FDIC, including oversight of compensation of top executives and removal of poor management.

The FDIC paid for the net worth certificates by issuing FDIC senior notes to the banks; there was no cash outlay. The interest rate on the net worth certificates and the FDIC notes was identical, so there was no subsidy.

If such a program were enacted today, the capital position of banks with real estate holdings would be bolstered, giving those banks the ability to sell and restructure assets and get on with their rehabilitation. No taxpayer money would be spent, and the asset sale transactions would remain in the private sector where they belong.

If we were to (1) implement a program to ease the fears of depositors and other general creditors of banks; (2) keep tight restrictions on short sellers of financial stocks; (3) suspend fair-value accounting (which has contributed mightily to our problems by marking assets to unrealistic fire-sale prices); and (4) authorize a net worth certificate program, we could settle the financial markets without significant expense to taxpayers.

Say Congress spends $700 billion of taxpayer money on the loan purchase proposal. What do we do next? If, however, we implement the program suggested above, we will have $700 billion of dry powder we can put to work in targeted tax incentives if needed to get the economy moving again.

The banks do not need taxpayers to carry their loans. They need proper accounting and regulatory policies that will give them time to work through their problems.

Essentially, the Federal Deposit Insurance Corporation used something called the net worth certificate program whereby they were able to resolve over $100 billion worth of insolvency in the savings banks for a total expenditure to them of less than $2 billion. The program involved no subsidy and no cash outlay. The FDIC purchased net worth certificates in troubled banks, and the agency determined then whether they could be viable over time, and banks entering the program had to agree to strict supervision from the FDIC.

If such a program were enacted today, the capital position of banks with real estate holdings would be bolstered, giving those banks the ability to sell and restructure assets and get on with their rehabilitation. No taxpayer money would be spent, and the asset sale transactions would remain in the private sector where they belong.

The banks do not need taxpayer money to carry their loans. They need for the FDIC, time-tested in what it has done in the past, to use proper accounting and regulatory policies that will give them time to work through all of these problem loans.

When the FDIC handled the Washington Mutual situation in an orderly manner, there was no cost to the FDIC nor the taxpayers.

What I'm fearful of is that the very same securities dealers on Wall Street that have benefited handsomely from the TARP and from all of the housing bubble of the 1990s are now going to find another way to put these same loans together and make more money off of us, the American people.

And you know, they're so powerful, they even sit on the New York Federal Reserve Board up there in New York City, primary dealers whose names you will recognize: Goldman Sachs, JP Morgan, HSBC. The worst wrong-doers in the crisis are sitting right up there in New York City with their hands on the money spigots. They send their associates down here to head up the Treasury Department.

And what was interesting is that Countrywide used to be on the Fed. They took them off a couple of years ago. I guess I complained too much because I don't see Countrywide. I guess they collapsed. They're not on the list anymore.

You look down this list, Dresdner Kleinwort Securities over in Germany, that bank is on its knees. It's being bought by Commerzbank and then Commerzbank by the Allianz Insurance Group in Germany. They're on the list of our primary dealers in New York City at the Federal Reserve there. This is a closed circle.

Over the next few days, I will be talking about what happened during the

1990s, where these very same Wall Street and money center banks, the very same ones on this list, planned to over-leverage the U.S. economy and housing market through such schemes as mortgage-backed securities, through which they benefited handsomely in home equity loans and they made extraordinary profits, their executives, their shareholders, their board members.

And the net result of their combined actions has been to indebt our country on the private side and ultimately now try to shift all of that debt to us, to our children and to our grandchildren, and they sit on the board of the Federal Reserve Board up in New York, the 10 or 15 primary dealers, the very same ones that did all of this damage? These same institutions lobbied all during the 1990s and in this decade to change Federal laws that aided and abetted their plan.

In 1994, the Riegle-Neal Interstate Banking and Branching Act was passed into law that hastened all these mergers that made them bigger; and then in 1993 and 1994, changing the rules over at the Department of Housing and Urban Development to allow home builders like Countrywide to approve their own loans, they changed the underwriting and appraisal standards; and then, again, allowing lenders to select their own appraisers back in the early 1990s; and then in 1995 changed the Securities Litigation Act here; and finally the Graham-Leach-Bliley Act overturned in 1999.

Madam Speaker, I have to tell you, the American people will begin to see how the pieces of this puzzle fit together and they all lead back to the Wall Street megacenter banks.

Let's not reward Wall St. and the money center banks that have caused America and the world such great harm. How did they do it?

In the 1990's—Plan is set in place by Wall Street and the largest money center banks—like JP Morgan Chase, Citigroup, Bank of America, HSBC, Wachovia, and Wells Fargo—to over-leverage U.S. housing market through such schemes as mortgage-backed securities and home equity loans to make extraordinary profits and enrich executives, Boards, and their shareholders. The net result of their combined actions has been to indebt the U.S. on the private side, and ultimately shift the cost of their excesses to the public side.

These same institutions lobbied changes to Federal laws along with executive actions that aided and abetted their plan.

1994—Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 was passed into law with Congress hastening bank mergers with further concentration of financial power in large money center banks. The traditional concept of community banking where residential lending took the form of a "loan" which was made on the time-tested standards of character, collateral, and collectability was transformed to a "bond" or "security" which was then broken into pieces and sold into the international market, largely through Wall Street dealers. Essentially, collateral was overvalued, risk was masked, and proper underwriting and oversight of the loan were dispensed with.

1993–1994—HUD removes normal underwriting standards (HUD Mortgage Letter 93–2, "Mandatory Direct Endorsement Processing" gave authority to homebuilder owned lenders like KB Mortgage and affiliate lenders like Countrywide to independently approve their own loans; in 1994, Mortgage Letter 94–54 allowed lenders to select their own appraisers. Secretary of HUD, Henry Cisneros, upon departure from the Department became a KB Home Board Member as well as a Countrywide Board Member.)

In 1995 the Private Securities Litigation Reform Act, the only bill ever passed over a Clinton veto and a part of the Contract with America, made securities class action law suits more difficult. Congressman Ed Markey offered an amendment to that bill that would have made those that sold derivatives still subject to class actions. The amendment failed.

1999 Gramm Leach Bliley Act passed Congress and for the first time since the 1930's removed the regulatory barriers between banks, commerce, insurance and real estate. Over the next several years, the fury of an inflating housing market and mergers of financial institutions increased. Today, Dresdner, the second largest bank in Germany, has been victimized by the subprime crisis, and has been put up for sale, and is likely being acquired by Commerzbank which is owned by Allianz Insurance Group of Germany. Effective June 5, 2008, Dresdner Kleinwort Securities LLC was listed on the Federal Reserve Bank of New York "Primary Government Securities Dealers." This means a foreign institution, with severe financial problems, is brought under the umbrella of the Federal Reserve. In addition, if one studies the Primary Dealer list, one will also note the presence of Countrywide Securities Corporation, one of the subsidiaries of Countrywide, the most egregious subprime lender in the U.S. The Federal Reserve has become an encampment for the most culpable.

The Boards and executive staff of U.S. housing secondary market instrumentalities, like FNMA and Freddie Mac, further enflamed the boom housing market during the 1990's by masking risk and fraudulent account schemes. All the while, their Boards and executives were making handsome compensation and benefit packages.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. FRANKS) is recognized for 5 minutes.

(Mr. FRANKS of Arizona addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOLT) is recognized for 5 minutes.

(Mr. HOLT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ABRAHAM LINCOLN BICENTENNIAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. FORTENBERRY) is recognized for 5 minutes.

Mr. FORTENBERRY. Madam Speaker, my district includes the largest city in the world named for Abraham Lincoln. Lincoln is the capital of Nebraska, a State that bore great significance to our President's legacy.

On October 16, 1854, Abraham Lincoln delivered a speech that changed the world. One of the famed Lincoln-Douglass debates, this 3-hour speech challenged the Kansas-Nebraska Act and presented arguably the most thorough moral, legal, and political argument against slavery to that date. He deplored Stephen Douglass' invocations of the quote "'sacred right' of taking slaves to Nebraska." He spoke passionately against the act, declaring:

"I cannot but hate. I hate it because of the monstrous injustice of slavery itself. I hate it because it deprives our republican example of its just influence in the world—enables the enemies of free institutions, with plausibility, to taunt us as hypocrites—causes the real friends of freedom to doubt our sincerity, and especially because it forces so many really good men amongst ourselves into an open war with the very fundamental principles of civil liberty."

Were Abraham Lincoln to not have spoken these words, my State may have suffered a past of grave injustice. Nebraskans are thankful for his stand for the principle enshrined in the preamble to our Declaration of Independence: All men are created equal.

Abraham Lincoln's legacy, 200 years after his birth, is now deeply rooted in our American tradition. He led our Nation through our greatest and most profound crisis and strengthened our country.

□ 1645

Though Lincoln's work at healing a fractured Nation was tragically and reprehensibly cut short, countless Americans have carried the mantle set forth in his remarkable orations. We work, as Lincoln said, "to do all which may achieve and cherish a just and lasting peace among ourselves and with all Nations." Even today, and even while our Nation is under many pressures at the moment, it is a testament to Lincoln's legacy that the world still turns to us to lead on critical human rights issues.

Madam Speaker, as a Representative of Nebraska, as a resident of Lincoln, as an American citizen, deeply moved by the grand yet simple ideal of equality, I am honored to stand here today and pay tribute to President Abraham Lincoln on the 200th anniversary of his birth.

CHINA SEEKS GUARANTEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.